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HOUSE BILL 2290 By
Brooks

SENATE BILL 2690
By Ford J

AN ACT to amend Tennessee Code Annotated, Title 13, Chapter
28, Part 1, relative to enterprise zones.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1.

(a) Tennessee Code Annotated, Section 13-28-106(e), is amended by deleting
subdivision (1) and by substituting instead the following:

(1) If, upon application of a unit or units of local government, the
enterprise zone management board designates an enterprise
zone within the jurisdiction of such unit or units of local
government, then the unit or units of local government may, by
resolution or ordinance, establish a program to locally
reimburse all sales or use tax imposed by the unit or units of
local government on sales of:

(A) Building materials purchased by, or on behalf of, a
qualified business when such materials are used
exclusively within an enterprise zone for the
renovation, expansion or construction of a business
facility for such qualified business; and

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(B) Business machinery and equipment purchased by a qualified business when such machinery and equipment are used exclusively by such qualified business in its business facility located within an enterprise zone.

Such program of local reimbursement shall include policies and procedures to require each applicant for reimbursement to submit documentation sufficient to clearly demonstrate the applicant's eligibility for reimbursement and for the amount requested. Upon reimbursement to the applicant of such sales or use tax imposed by the unit or units of local government on such sale of building materials and/or business machinery and equipment for such purposes, and upon receipt by the commissioner of economic and community development of documentation deemed by the commissioner to be sufficient to clearly demonstrate the applicant's eligibility for reimbursement and for the amount requested, then the commissioner shall, to the extent that funds specifically appropriated for the purposes of this subsection so permit, also reimburse the applicant for all sales or use tax imposed by the state of Tennessee on such sale of building materials and/or business machinery and equipment purchased for such purposes.

(b) Tennessee Code Annotated, Section 13-28-106(e)(2), is amended by deleting the words, figures and symbols “one thousand square feet (1,000 sq. ft.)” and by substituting instead the following:

seven hundred fifty square feet (750 sq. ft.)

SECTION 2. Tennessee Code Annotated, Section 13-28-106(f), is amended by deleting subdivisions (1) and (2) and by substituting instead the following:

- (1) To the extent that funds are specifically appropriated in the general appropriations act for purposes of this subdivision, a qualified business is eligible to receive a reimbursement of its excise tax in an amount equal to ten percent (10%) of the wages paid to each net new, permanent employee who is a resident of the enterprise zone and has been employed during the tax period for three (3) or more months for at least twenty (20) hours per week by that qualified business at a location within an enterprise zone as defined in this part. Alternatively, if twenty percent (20%) or more of the permanent employees of the qualified business are residents of the enterprise zone, then the qualified business is eligible to receive a reimbursement of its excise tax in an amount equal to fifteen percent (15%) of the wages paid to each net new, permanent employee who is a resident of the enterprise zone and has been employed during the tax period for three (3) months for at least twenty (20) hours per week by that qualified business at a location within an enterprise zone as defined in this part. In order to receive such reimbursement, such employment shall be certified by the department of employment security to the department of revenue.
- (2) The amount reimbursed shall not exceed, however, fifty percent (50%) of the excise tax liability paid for the tax year in which the new employees are hired, or two hundred thousand dollars (\$200,000), whichever is less.

SECTION 3. This act shall take effect July 1, 1998, the public welfare requiring it.